

# YEAR-END REPORT

## 1 JANUARY – 31 DECEMBER 2010



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- Net sales for the period rose 8% to SEK 6,745 million (6,271). For comparable units the increase was 3%.
- Operating profit before amortisation of intangible assets (EBITA) rose 18% to SEK 703 million (594) and the EBITA margin was 10.4% (9.5%).
- Profit after tax rose 19% to SEK 405 million (341).
- Earnings per share were SEK 10.18 (8.53) for the period.
- The Board proposes a dividend of SEK 5.10 (4.30) per share.

### FOURTH QUARTER 2010

- Net sales rose 16% during the fourth quarter to SEK 1,764 million (1,525). For comparable units the increase was 11%.
- Operating profit before amortisation of intangible assets (EBITA) rose 15% to SEK 163 million (142) and the EBITA margin was SEK 9.2% (9.3%).
- Profit after tax was SEK 87 million (86).
- Earnings per share were SEK 2.20 (2.15) for the quarter.

### FINANCIAL DEVELOPMENT

SEK million	2010 Oct-Dec	2009 Oct-Dec	Change	2010 Jan-Dec	2009 Jan-Dec	Change
Net Sales	<b>1,764</b>	1,525	16%	<b>6,745</b>	6,271	8%
EBITA *)	<b>163</b>	142	15%	<b>703</b>	594	18%
EBITA margin, %	<b>9.2</b>	9.3		<b>10.4</b>	9.5	
Profit after financial items	<b>124</b>	112	11%	<b>553</b>	461	20%
Net profit	<b>87</b>	86	1%	<b>405</b>	341	19%
Earnings per share, SEK	<b>2.20</b>	2.15	1%	<b>10.18</b>	8.53	19%
Return on operating capital, % (12 months)	<b>23</b>	22		<b>23</b>	22	

\*) Operating profit before amortisation of intangible assets

## CEO's message

### Continued improved market climate

The Group's order intake continues to develop well, with organic growth of 14% during the final quarter of the year. However, there are variations between various countries and market segments. The three countries with a clear upward trend are Sweden, Finland and Germany. In the other Nordic countries and Benelux we still have not seen a definite upswing. A partial reason for this is that the downturn for Indutrade was not particularly great in these areas during the general recession in 2009. In Sweden and Finland the upswing has been comparatively broad, even though some customers are still suffering from low capacity utilisation. The pattern is similar in Germany, with favourable growth in many segments. Certain sectors, however, such as the processing industry, are lagging after due to continued overcapacity.

In a comparison of 2010 with 2009, we see two main factors that have had a dampening effect on sales and thus on earnings.

First, in 2009 the Group had substantial invoicing in the energy sector – both for conventional and renewable energy. However, order intake in this segment fell already in the first half of 2009 and is still down, which explains the decrease in invoicing between the two years. Although optimism in this sector is now beginning to return, there is still no clear upward trend in order intake.

Second, through acquisitions Indutrade increased its exposure to the marine sector from mid-year 2010 forward. That entire sector had very weak performance during the autumn. It is positive to note, however, that order intake began to gain momentum towards the end of 2010.

All in all, the signals from the markets in which the Group is active are positive. There are no signs of a weakening in any of Indutrade's markets.

For 2011, indications are strong of continued organic growth in most segments. Added to this are the effects of acquisitions made in 2010 and early 2011.

### Earnings

The EBITA margin for the Group was 10.4% for the full year, which is higher than our target of a minimum of 10% during an economic cycle.

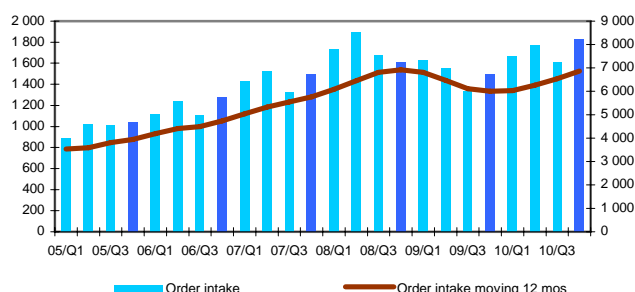
### Acquisitions

We carried out nine acquisitions in 2010 and an additional four during the start of 2011. In early January we acquired three companies with combined annual sales of approximately SEK 500 million, and in early February we acquired an additional company in Sweden with annual sales of approximately SEK 60 million.

*Johnny Alvarsson, President and CEO*

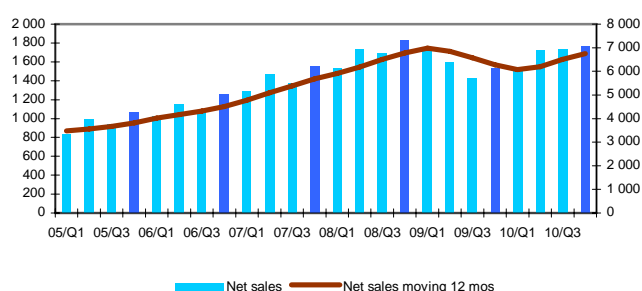
## ORDER INTAKE

SEK million

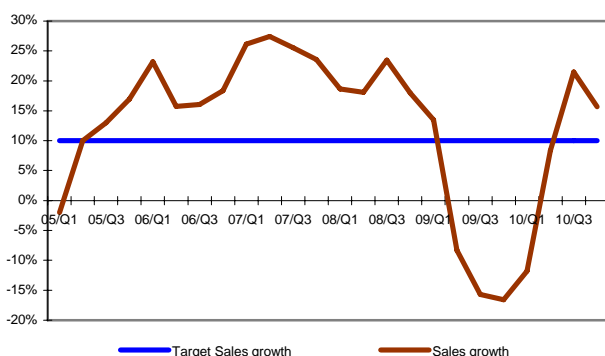


## NET SALES

SEK million



## SALES GROWTH



## Group performance

### ORDER INTAKE AND NET SALES

#### Order intake

Order intake rose 14% during the year to SEK 6,863 million (6,000). For comparable units, the increase was 9%, while acquired growth was 11%. Currency movements had a negative effect on order intake, by 6%.

During the fourth quarter, growth was on level with the increases reported for the third quarter. Order intake during the fourth quarter amounted to SEK 1,823 million (1,491), an increase of 22%. The growth in order intake for comparable units was 14%. Acquired growth amounted to 15%, while currency movements had a negative effect on order intake, by 7%.

The growth in order intake for comparable units that was noted towards the end of the first quarter successively strengthened thereafter, and since the second quarter of the year, all business areas reported like-for-like quarterly sales growth.

Industrial Components is the business area that was affected the earliest by the economic downturn in 2008; it is also the business area that posted the strongest improvement in order intake in 2010. Stronger industrial activity in Sweden primarily in the automotive and engineering industries has been the driving force behind this improvement. Similarly, our Special Products business area has benefited from improved demand in the Swedish market, while the pace of order intake was lower for companies focusing on energy projects. The shortage of major energy projects also had a dampening effect on growth in order intake for the Flow Technology business area. In the Finnish market, where Engineering & Equipment does most of its business, the business situation improved gradually during the year.

#### Net sales

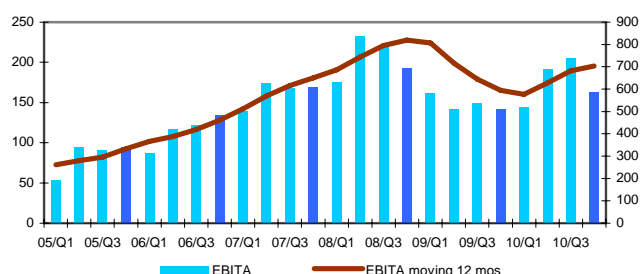
Net sales rose 8% during the year to SEK 6,745 million (6,271). For comparable units, net sales rose 3%, while acquired growth was 11%. Currency movements had a negative effect on net sales, by 6%.

Net sales during the fourth quarter rose 16% to SEK 1,764 million (1,525). For comparable units, net sales rose 11%, while changes in exchange rates during the quarter had a negative effect on net sales, by 7%. Acquired growth was 12%.

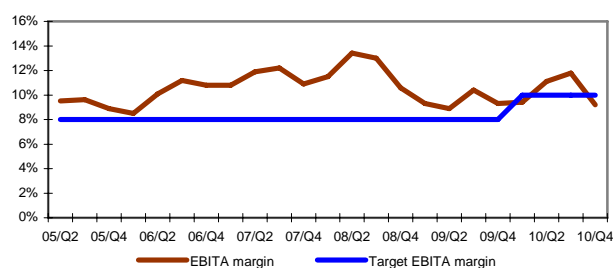
All business areas except for Flow Technology showed like-for-like growth of around 20% during the fourth quarter compared with the same quarter a year ago, while Flow Technology had a weaker end to the year.

## EBITA

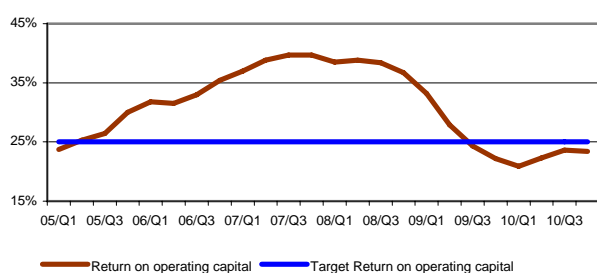
SEK million



## EBITA MARGIN



## RETURN



## EARNINGS AND RETURN

### Earnings

The gross margin for the full year was 33.6%, an increase of 0.7 percentage points compared with 2009. During the fourth quarter the gross margin was 34.2% [33.7%]. The change in the gross margin is essentially attributable to a shift in net sales toward products with higher margins. This is shown by the fact that the business areas with margins above the Group average – Industrial Components and Special Products – have increased their share of consolidated sales.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 703 million [594] for the year, an increase of 18%. Profit for the period was charged with SEK 38 million in negative exchange rate difference for the period. The operating margin before amortisation of intangible assets (the EBITA margin) increased to 10.4% [9.5%]. The improvement in the EBITA margin is mainly due to the higher gross margin; however, it is also attributable to a slight decrease in relative overheads during the year, partly as a result of cost-cutting measures carried out in 2009 as an adaptation to the business downturn.

Net financial items amounted to SEK -61 million [-64], of which net interest income/expense accounted for SEK -61 million [-62]. Tax on profit for the year was SEK -148 million [-120], corresponding to a tax charge of 26.8% [26.0%]. Profit after tax increased by 19% to SEK 405 million [341]. Earnings per share were SEK 10.18 [8.53].

For the fourth quarter, operating profit before amortisation of intangible assets was SEK 163 million [142], corresponding to an EBITA margin of 9.2% [9.3%]. Part of the cost increase that occurred during the fourth quarter – and which explains the drop in the margin compared with the full year – was temporary and partly related to the gradual increase in activity and earnings during the year.

Net financial items during the fourth quarter amounted to SEK -18 million [-13], of which net interest income/expense accounted for SEK -17 million [-12]. The increase in net interest expense is attributable to a higher level of net debt. The tax charge for the quarter was SEK -35 million [-26]. Profit after tax increased to SEK 87 million [86]. Earnings per share for the fourth quarter were SEK 2.20 [2.15].

### Return

The return on shareholders' equity was 24% [21%], and the return on operating capital was 23% [22%] for the year.

## Business areas

### Engineering & Equipment

*Engineering & Equipment offers customised niche products, design solutions, aftermarket service and special processing. The main product areas are hydraulics and pneumatics, industrial equipment, flow products, transmissions and measuring instruments.*

SEK million	2010	2009
	Jan-Dec	Jan-Dec
Net sales	<b>1,409</b>	1,569
EBITA	<b>100</b>	83
EBITA-margin, %	<b>7.1%</b>	5.3%

Net sales decreased by 10% during the year to SEK 1,409 million (1,569). For comparable units, net sales decreased by 1%, while currency movements had a negative effect on net sales, by 10%. Acquisitions contributed +1%. Demand improved gradually during the year in the market segments in Finland in which the business area is active. During the fourth quarter, growth for comparable units was 19%, in contrast to a decrease of 20% during the first quarter of the year.

The increase in EBITA to SEK 100 million (83) and of the EBITA margin to 7.1% (5.3%) is mainly attributable to the effects of cost-cutting measures carried out in 2009.

During the year, Indutrade acquired a pump business from A-Vacuum Oy and the company Flowtech Oy. The company Dantherm Filtration Oy was acquired in early 2011.

### Flow Technology

*Flow Technology components and systems for the management, control and supervision of flows. The main product areas are valves, pumps, measuring and analysis instruments, pipe systems, hydraulics, compressors and service.*

SEK million	2010	2009
	Jan-Dec	Jan-Dec
Net sales	<b>1,743</b>	1,689
EBITA	<b>155</b>	186
EBITA-margin, %	<b>8.9%</b>	11.0%

Net sales rose 3% during the year to SEK 1,743 million (1,689). For comparable units, net sales decreased by 2%, while currency movements had a negative effect on net sales, by 2%. Acquired growth was 7%. Lower activity in Norway and Denmark along with a shortage of major energy projects were compensated by sales added through acquisitions and improved demand in other markets.

EBITA for the year decreased by 17% to SEK 155 million (186), and the EBITA margin was 8.9% (11.0%). The lower EBITA margin is an effect of a slightly higher level of overheads combined with a shift in the product mix to business with a slightly lower gross margin.

The companies Corona Control AB and Meson AB were acquired during the year.

### Industrial Components

*Industrial Components offers a wide range of technically advanced components and systems for production and maintenance. The main product areas are fasteners, mechanical components, pumps, lubrications, rust proofing, cutting tools, adhesives and chemical technology, transmission and automation, filters and process technology, and medical technical technology.*

SEK million	2010	2009
	Jan-Dec	Jan-Dec
Net sales	<b>1,455</b>	1,163
EBITA	<b>140</b>	72
EBITA-margin, %	<b>9.6%</b>	6.2%

Net sales for the year increased by 25% to SEK 1,455 million (1,163). For comparable units, net sales rose 14%, while acquired growth was also 14%. Currency movements had a negative effect on net sales, by 3%. During the fourth quarter, growth in sales was 30%, of which comparable units and acquisitions both showed 17% gains. Growth for the year was mainly attributable to higher demand for products used in the engineering industry – especially commercial vehicles. Higher activity was also noted for products for the steel and mining industries.

EBITA for the year essentially doubled to SEK 140 million (72), corresponding to an EBITA margin of 9.6% (6.2%). The EBITA margin was favourably affected by a higher volume of deliveries, with limited cost increases owing to cost-cutting programmes carried out in 2009, among other things.

The companies Techno Skruv i Värnamo AB (Sweden) and BiaMediTec Sp. z o.o. (Poland) were acquired during the year.

### Special Products

*Special Products offers specially manufactured niche products, design solutions, aftermarket service and assembly, and special processing. The main product areas are valves, electrical components, glass, technical ceramics, measuring technology, special plastics, filters and process technology, industrial springs, piston rings and hydraulic couplings.*

SEK million	2010	2009
	Jan-Dec	Jan-Dec
Net sales	<b>2,164</b>	1,877
EBITA	<b>342</b>	288
EBITA-margin, %	<b>15.8%</b>	15.3%

Net sales for the year rose 15% to SEK 2,164 million (1,877). For comparable units, net sales rose 3%, while acquired growth was 19%. Currency movements had a negative effect on net sales, by 7%. Growth was considerably stronger during the second half of the year than in the first half, as comparable units showed an increase of 19% during the latter part of the year. During the year, most of the business area's Swedish companies were favourably affected by improved demand, while companies with products for the international energy sector experienced continued weak demand.

EBITA rose 19% to SEK 342 million (288), and the EBITA margin increased to 15.8% (15.3%). The earnings improvement is attributable to the higher level of sales, while the gross margin and overheads remained essentially unchanged.

During the year, Lekang Group (with companies in Norway, Sweden and Denmark), Stålprofil PK AB, and a construction plastics business were acquired. In early 2011 the Abima Group (with companies in Switzerland, Austria and Germany) and the companies Mijnsbergen B.V. and ATB Automation, with operations in the Netherlands and Belgium, were acquired.

## Other financial information

### FINANCIAL POSITION

Shareholders' equity amounted to SEK 1,744 million (1,644), and the equity ratio was 36% (41%).

Cash and cash equivalents amounted to SEK 219 million (229). In addition, the company has SEK 900 million (497) in unutilised credit facilities. Interest-bearing net debt amounted to SEK 1,390 million (940). The net debt/equity ratio was 80% (57%) at the year-end.

### CASH FLOW

Cash flow from operating activities was SEK 656 million (558). Cash flow after net capital expenditures in property, plant and equipment (excluding company acquisitions) amounted to SEK 545 million (468). Higher earnings improved cash flow compared with a year earlier.

### CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures (excluding company acquisitions) amounted to SEK 111 million (90). Depreciation of property, plant and equipment totalled SEK 98 million (89). Disbursements for company acquisitions amounted to SEK 684 million (188) of which SEK 88 million (132) were earn-out payments pertaining to previous year's acquisitions.

### EMPLOYEES

The number of employees was 3,444 (3,040) at the year-end of whom 255 were added through company acquisitions.

### ACQUISITIONS

The Group acquired the following companies, which are consolidated for the first time in 2010.

Month acquired	Acquisitions	Business areas	Sales/SEK million*	No. of employees*
January	Techno Skruv i Värnamo AB	Industrial Components	70	14
	Corona Control AB	Flow Technology	50	12
	BiaMediTec Sp.Z o.o (former AxMediTec)	Industrial Components	70	52
February	Lekang Group	Special Products	200	56
March	Stålprofil PK AB	Special Products	70	18
July	Meson Group	Flow Technology	500	100
October	Flowtech Finland Oy	Engineering & Equipment	20	3
			<b>980</b>	<b>255</b>

\*Estimated annual sales and number of employees at the time of acquisition.

In addition the construction plastics business was acquired from Metallcenter Sverige AB with annual sales of approximately SEK 6 million and the pump business from A-Vacuum Oy in Finland with annual sales of approximately SEK 12 million. The businesses are part of the Special Products business area and the Engineering & Equipment business area respectively.

Further information about company acquisitions can be found on page 14 of this year-end report.

### EVENTS AFTER THE END OF THE PERIOD

Four acquisitions were carried out during the start of 2011.

In early January, the Engineering & Equipment business area acquired Dantherm Filtration Oy, with annual sales of approximately SEK 30 million. The company specialises in air filtration and provides customised solutions and components to customers in the forestry, paper, metal and recycling industries, among others.

Also in early January, the Special Products business area acquired the Swiss industrial group Abima, with annual sales of approximately SEK 400 million, and the companies Mijnsbergen B.V. and ATB Automation, active in Benelux, with combined sales of approximately SEK 60 million. Abima is active in control and regulation of flows, insulation against cold, heat and sound, rust/corrosion prevention and fire safety.

In early 2011 the Group increased its credit scope by raising a five-year loan for SEK 300 million.

The Benelux companies provide customised solutions with a broad array of products for power transmission and motion control.

In early February the Special Products business area grew further with the acquisition of Abelko Innovation AB, with annual sales of SEK 60 million. The company offers specially adapted solutions for energy measurement, remote control, building automation, energy optimisation and operational monitoring.

#### PARENT COMPANY

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control and analysis. The Parent Company's sales, which consist exclusively of inter-company invoicing of services, amounted to SEK 4 million (1) during the year. The Parent Company's capital expenditures in financial assets, which consist primarily of company acquisitions and capital contributions to subsidiaries, amounted to SEK 351 million (4).

The Parent Company's capital expenditures in non-current intangible assets and in property, plant and equipment totalled SEK 0 million (1). The number of employees on 31 December was 10 (8).

#### RISKS AND UNCERTAINTIES

The Indutrade Group conducts business in 25 countries in four world regions, through some 150 companies. This spread, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. In addition to the risks and uncertainties described in Indutrade's 2009 Annual Report, no significant risks or uncertainties are judged to have emerged or been eliminated. Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk.

The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed report on risks that affect the Group and Parent Company, please see the 2009 Annual Report.

#### RELATED PARTY TRANSACTIONS

No transactions took place during the period between Indutrade and related parties that have significantly affected the Company's financial position or result of operations.

#### ACCOUNTING PRINCIPLES

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This year-end report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods are used in this report as those used in Indutrade's 2009 Annual Report and described under the section "Accounting principles and notes".

Effective 1 January 2010 the Indutrade Group applies two revised standards: IAS 27R: Consolidated and Separate Financial Statements, and IFRS 3R: Business Combinations. The new rules apply for acquisitions completed after 1 January 2010. For Indutrade, these revisions entail that transaction costs may no longer be capitalised, but must be recognised through profit or loss under Other income and expenses in the income statement. Any revaluations of conditional earn-out payments for acquisitions carried out on 1 January 2010 and thereafter will be recognised in profit or loss.

The amendments to IFRS 3 regarding recognition of transaction costs are in conflict with the Swedish Annual Accounts Act, which is why in the Parent Company's accounting, transaction costs will continue to be capitalised and included in financial assets.

Apart from these two revised standards, no other IFRSs or IFRIC interpretations have been adopted by the EU that will be applicable for Indutrade or have any material impact on the Group's result of operations or financial position.

#### INCENTIVE PROGRAMME

In connection with the Company's stock market introduction in late 2005, in collaboration with AB Industrivärden, senior executives were offered to participate in an incentive programme that expired in June 2010. In May, AB Industrivärden repurchased all outstanding options from the participants.

The Board of Directors of Indutrade has, in collaboration with AB Industrivärden and after a decision by the Annual General Meeting, directed an offer to senior executives to participate in a new incentive programme. The aim of the programme is to promote management's long-term participation and involvement in the Company. The programme runs through 31 October 2013.

Forty-nine senior executives have acquired a total of 362,000 call options, issued by AB Industrivärden, and 10,000 shares. Indutrade is paying a subsidy of SEK 22 for each acquired call option and share, under the condition that the participants remain employed and keep their acquired call options/shares. The subsidy will



be paid by the Company to the participants on two occasions and in two equal parts – in December 2011 and June 2013. The total cost for the Company will amount to approximately SEK 9 million, or approximately SEK 3 million per year.

#### DIVIDEND

The Board of Directors proposes a dividend of SEK 5.10 (4.30) per share, for a total dividend payout of SEK 204 million. The proposed dividend is in line with Indutrade's dividend policy to pay, over time, a dividend equivalent to at least 50% of profit after tax.

#### FINANCIAL CALENDAR

The 2010 Annual Report will be published in early April 2011. It will be available on Indutrade's website starting on the same date as publication of the printed report.

The Annual General Meeting will be held in Stockholm on 27 April 2011.

The interim report for the period 1 January - 31 March 2011 will be published on 27 April 2011.

The interim report for the period 1 January - 30 June 2011 will be published on 3 August 2011.

The interim report for the period 1 January - 30 September 2011 will be published on 1 November 2011.

Stockholm, 15 February 2011

Indutrade AB (publ)

Johnny Alvarsson

President and CEO

This report has not been reviewed by the Company's auditors.

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#### NOTE

The information provided herein is such that Indutrade AB (publ) is obligated to publish pursuant to the Securities Market Act and/or the Financial Instruments Trading Act, as well as in accordance with the Issuers Rules and Regulations for the Nasdaq OMX Nordic Exchange. Submitted for publication at 11 a.m. on 15 February 2011.

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#### Further information

For further information, please contact

Johnny Alvarsson, President and CEO, Tel: +46 8 703 03 00 or +46 70 589 17 95.

The report will be commented upon as follows:

- At a conference call/audiocast at 3 p.m. today at the following link:  
<http://www.financialhearings.com/hearing/financia1.nsf/{recordednew}/78CBE6372E03C8CEC12577B6004B4950?OpenDocument>  
 Participants call +46 (08) 5051 3786 or +44 (0) 20 7138 0825
- Through a film version at the following links:  
<http://www.indutrade.se>  
<http://www.stockontv.se>

## INDUTRADE CONSOLIDATED INCOME STATEMENT

- CONDENSED

SEK million	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	1,764	1,525	6,745	6,271
Cost of goods sold	1,160	-1,011	-4,480	-4,207
<b>Gross profit</b>	<b>604</b>	514	<b>2,265</b>	2,064
Development costs	-13	-10	-48	-44
Selling costs	-339	-302	-1,224	-1,169
Administrative expenses	-110	-77	-376	-323
Other operating income and expenses	0	0	-3	-3
<b>Operating profit</b>	<b>142</b>	125	<b>614</b>	525
Net financial items	-18	-13	-61	-64
<b>Profit after financial items</b>	<b>124</b>	112	<b>553</b>	461
Income Tax	-37	-26	-148	-120
<b>Net profit for the period</b>	<b>87</b>	86	<b>405</b>	341
<b>Net profit, attributable to:</b>				
<b>Equity holders of the parent company</b>	<b>88</b>	86	<b>407</b>	341
<b>Non-controlling interests</b>	<b>-1</b>	-	<b>-2</b>	-
	<b>87</b>	86	<b>405</b>	341

*Operating profit includes:*

Amortisation of intangible assets				
Depreciation of property, plant and equipment	-21	-17	-89	-69
	-24	-23	-98	-89

Operating profit before amortisation/ impairment of intangible assets (EBITA)	163	142	703	594
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Earnings per share for the period <sup>1)</sup>	2.20	2.15	10.18	8.53
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<sup>1)</sup> Earnings for the period divided by 40,000,000 shares. There is no d

## INDUTRADE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>Net profit for the period</b>	<b>87</b>	86	<b>405</b>	341
<b>Other comprehensive income</b>				
Fair value adjustments of hedge instruments	18	-	18	-
Tax attributable to fair value adjustments	-4	-	-4	-
Actuarial gains/losses	-35	12	-35	12
Tax on actuarial gains/losses	9	-3	9	-3
Exchange rate differences	4	20	-125	-47
<b>Other comprehensive income for the period, net of tax</b>	<b>-8</b>	29	<b>-137</b>	-38
<b>Total comprehensive income for the period</b>	<b>79</b>	115	<b>268</b>	303
<b>Net profit, attributable to:</b>				
<b>Equity holders of the parent company</b>	<b>80</b>	115	<b>270</b>	303
<b>Non-controlling interests</b>	<b>-1</b>	-	<b>-2</b>	-
	<b>79</b>	115	<b>268</b>	303

## BUSINESS AREA PERFORMANCE

	<b>2010</b>	2009	<b>2010</b>	2009
<b>Net sales, SEK million</b>	<b>Oct-Dec</b>	Oct-Dec	<b>Jan-Dec</b>	Jan-Dec
Engineering & Equipment	<b>380</b>	347	<b>1,409</b>	1,569
Flow Technology	<b>439</b>	438	<b>1,743</b>	1,689
Industrial Components	<b>398</b>	306	<b>1,455</b>	1,163
Special Products	<b>554</b>	440	<b>2,164</b>	1,877
Parent company and Group items	<b>-7</b>	-6	<b>-26</b>	-27
	<b>1,764</b>	1,525	<b>6,745</b>	6,271

	<b>2010</b>	2009	<b>2010</b>	2009
<b>EBITA, SEK million</b>	<b>Oct-Dec</b>	Oct-Dec	<b>Jan-Dec</b>	Jan-Dec
Engineering & Equipment	<b>24</b>	11	<b>100</b>	83
Flow Technology	<b>29</b>	44	<b>155</b>	186
Industrial Components	<b>35</b>	19	<b>140</b>	72
Special Products	<b>78</b>	74	<b>342</b>	288
Parent company and Group items	<b>-3</b>	-6	<b>-34</b>	-35
	<b>163</b>	142	<b>703</b>	594

	<b>2010</b>	2009	<b>2010</b>	2009
<b>EBITA margin, %</b>	<b>Oct-Dec</b>	Oct-Dec	<b>Jan-Dec</b>	Jan-Dec
Engineering & Equipment	<b>6.3%</b>	3.2%	<b>7.1%</b>	5.3%
Flow Technology	<b>6.6%</b>	10.0%	<b>8.9%</b>	11.0%
Industrial Components	<b>8.8%</b>	6.2%	<b>9.6%</b>	6.2%
Special Products	<b>14.1%</b>	16.8%	<b>15.8%</b>	15.3%
	<b>9.2%</b>	9.3%	<b>10.4%</b>	9.5%

## INDUTRADE CONSOLIDATED BALANCE SHEET

## - CONDENSED

	<b>2010</b>	2009
<b>SEK million</b>	<b>31 Dec</b>	31 Dec
Goodwill	771	514
Other intangible assets	702	555
Property, plant and equipment	657	563
Financial assets	50	48
Inventories	1,183	1,064
Accounts receivable, trade	1,047	901
Other receivables	164	125
Cash and cash equivalents	219	229
<b>Total assets</b>	<b>4,793</b>	3,999
Equity	1,744	1,644
Long-term borrowings and pension liabilities	893	794
Other non-current liabilities	277	224
Short-term borrowings	716	375
Accounts payable, trade	493	424
Other current liabilities	670	538
<b>Total equity and liabilities</b>	<b>4,793</b>	3,999

## INDUTRADE CHANGE IN GROUP EQUITY

## - CONDENSED

	<b>2010</b>	2009
<b>SEK million</b>	<b>Jan-Dec</b>	Jan-Dec
<b>Attributable to equity holders of the parent company</b>		
<b>Opening equity</b>	<b>1,644</b>	1,597
Total comprehensive income for the period	270	303
Dividend	-172 <sup>1)</sup>	-256 <sup>1)</sup>
<b>Closing equity</b>	<b>1,742</b>	1,644
<sup>1)</sup> SEK 4.30 (6.40) per share.		
<b>Equity, attributable to:</b>		
<b>Equity holders of the parent company</b>	<b>1,742</b>	1,644
<b>Non-controlling interests</b>	<b>2</b>	-
	<b>1,744</b>	1,644

## INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

## - CONDENSED

SEK million	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities				
before change in working capital	<b>131</b>	130	<b>616</b>	438
Change in working capital	<b>133</b>	117	<b>40</b>	120
<b>Cash flow from operating activities</b>	<b>264</b>	247	<b>656</b>	558
Net capital expenditures in non-current assets	<b>-40</b>	-24	<b>-111</b>	-90
Company acquisitions and divestments	<b>-35</b>	-62	<b>-684</b>	-188
Change in other financial assets	<b>0</b>	0	<b>0</b>	0
<b>Cash flow from investing activities</b>	<b>-75</b>	-86	<b>-795</b>	-278
Net borrowings	<b>-210</b>	-148	<b>321</b>	-12
Dividend paid out	-	-	<b>-172</b>	-256
<b>Cash flow from financing activities</b>	<b>-210</b>	-148	<b>149</b>	-268
Cash flow for the period	<b>-21</b>	13	<b>10</b>	12
Cash and cash equivalents at start of period	<b>242</b>	212	<b>229</b>	223
Exchange rate differences	<b>-2</b>	4	<b>-20</b>	-6
<b>Cash and cash equivalents at end of period</b>	<b>219</b>	229	<b>219</b>	229

## KEY DATA

	2010	2010	2010	2010	2010	2009
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Dec
Net sales, SEK million	1,527	1,722	1,732	1,764	<b>6,745</b>	6,271
Sales growth, %	-12	8	21	16	<b>8</b>	-8
EBITA, SEK million	144	191	205	163	<b>703</b>	594
EBITA margin, %	9.4	11.1	11.8	9.2	<b>10.4</b>	9.5
Operating capital, SEK million	3,004	3,061	3,215	3,134	<b>3,134</b>	2,584
Return on operating capital, % [12 months]	21	22	24	23	<b>23</b>	22
Interest-bearing net debt, SEK million	1,329	1,443	1,537	1,390	<b>1,390</b>	940
Net debt/equity ratio, %	79	89	92	80	<b>80</b>	57
Equity ratio, %	37	35	34	36	<b>36</b>	41

## Attributable to equity holders of the parent company

Key ratios per share<sup>1)</sup>

Earnings per share, SEK	2.15	2.88	2.95	2.20	<b>10.18</b>	8.53
Equity per share, SEK	41.88	40.45	41.55	43.55	<b>43.55</b>	41.10
Cash flow from operating activities per share, SEK	1.43	2.72	5.65	6.60	<b>16.40</b>	13.95

<sup>1)</sup>Based on 40,000,000 shares which corresponds to the number of shares outstanding during all periods in the table. There is no dilutive effect.

## ACQUISITIONS

### Acquisitions 2010

During the year, all of the shares were acquired in Techno Skruv i Värnamo AB; Corona Control AB; BiaMediTec Sp. z o.o. (formerly AxMediTec), Poland; Lekang Group (Filterteknik Sverige AB, Lekang Maskin AS, Norway, Filterteknik A/S, Denmark); Stålprofil PK AB; Stålprofil PK Invest AB; Meson AB and Flowtech Finland Oy. In addition, Indutrade acquired a construction plastics business from Metallcenter Sverige AB and a pump business from A-Vacuum Oy, Finland.

### Engineering & Equipment

The pump business acquired from A-Vacuum Oy consists mainly of sales of vacuum pumps and associated components, with annual sales of approximately SEK 12 million. The business is consolidated in Indutrade effective 1 June 2010. Flowtech Finland Oy develops and delivers wastewater pump stations and fresh water pressure boosters, and provides maintenance and renovation services for these products. The company has annual sales of approximately SEK 20 million and is consolidated in the Group effective 1 October 2010.

### Flow Technology

Corona Control AB, with companies in Sweden and Norway and annual sales of approximately SEK 50 million, provides a comprehensive range of solutions for industrial valves. Customers are in the petrochemical, offshore, chemical, energy, pulp and paper, steel, food and pharmaceutical industries, among others. The company is consolidated in the Group effective 1 January 2010. The Meson Group supplies valves and couplings to the international shipbuilding and shipping industries as well as to refineries and the mining industry. Annual sales for 2009 were approximately SEK 500 million, including certain large deliveries to vessel newbuilding operations. The Meson Group today has approximately 100 employees at its offices in Sweden, Denmark, Norway, Germany, Spain, Romania, India, Dubai, Shanghai and Singapore. The Meson Group is consolidated in Indutrade effective 1 July 2010.

### Industrial Components

Techno Skruv i Värnamo AB, with annual sales of approximately SEK 70 million, has a strong market position in customer-specific fasteners and mechanical components. Customers are in the engineering, energy and automotive industries. The company is consolidated in the Group effective 1 January 2010. BiaMediTec Sp. z o.o., with annual sales of approximately SEK 70 million, specialises in sales of medical technology equipment used for healthcare applications, such as in operating rooms, intensive care wards, emergency wards, and cardio and neonatal units. The company is consolidated in the Group effective 1 January 2010.

### Special Products

The Lekang Group, with annual sales of approximately SEK 200 million, specialises in products and services primarily involving filtration of fluids for all types of industrial companies in the Nordic region. The Group is consolidated in Indutrade effective 1 February 2010. Stålprofil PK AB, with annual sales of approximately SEK 70 million, is a system supplier of profile systems for glazed door, window and wall sections with high standards for fire safety, bullet-proofing, burglary protection and energy optimisation. Its products are sold mainly in Scandinavia, but also in Europe, the USA and Russia. The company is consolidated in the Group effective 1 March 2010. The construction plastics business involves the sale of semi-finished products primarily to customers in the pharmaceutical, energy and engineering industries. The business has annual sales of approximately SEK 6 million and is consolidated in the Group effective 1 January 2010.

Acquired assets in Techno Skruv i Värnamo AB, Corona Control AB, BiaMediTec Sp. Z o.o, Lekang Group, Stålfprofil PK AB, Stålfprofil PK Invest AB, Meson AB and Flowtech Finland Oy.

*Preliminary purchase price allocation*

SEK million

Purchase price, incl. earn-out payment			<b>748</b>
	Book value	Fair value adjustment	Fair value
Acquired assets			
Goodwill	-	232	232
Agencies, trademarks, customer relations, licences, etc.	-	307	307
Property, plant and equipment	117	-	117
Financial assets	1	-	1
Inventories	223	-	223
Other current assets	160	-	160
Cash and cash equivalents	78	-	78
Non-controlling interests	-2	-	-2
Deferred tax liability	-23	-80	-103
Interest-bearing loans and pension liabilities	-116	0	-116
Other operating liabilities	-149	-	-149
	<b>289</b>	<b>459</b>	<b>748</b>

Agencies, customer relations, licenses, etc. will be amortized over a 10-year period, while trademarks are assumed to have a perpetual lifetime. Trademarks are included in the amount of SEK 59 million.

Indutrade normally uses an acquisition structure with a base level of consideration plus a conditional earn-out payment. Initially, the earn-out payment is valued at the present value of the most probable payment, which for the acquisitions made during the year is SEK 74 million. The earn-out payments fall due for payment within two years and can amount to a maximum of SEK 250 million. If the conditions are not met for the maximum earn-out payment, the outcome will be SEK 30 million at the lowest.

Transaction costs for the acquisitions carried out during the period amounted to SEK 1 million and are included in Other income and expenses in the income statement. No revaluation of conditional earn-out payments has been made to date.

**Cash flow impact**

Purchase price, incl. earn-out payment	748
Purchase price not paid out	-74
Cash and cash equivalents in acquired companies	-78
Earn-out payments pertaining to previous years' acquisitions	88
<b>Total cash flow impact</b>	<b>684</b>

## Effect of completed acquisitions 2009 and 2010

SEK million		Net sales		EBITA	
Business area	Company/Business	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Engineering & Equipment	Pump business and Flowtech Finland Oy	8	12	1	1
Flow Technology	Ingenjörfirman Rossing & Jansson AB, Corona Control Group and Meson Group	47	125	-1	0
Industrial Components	Dominator Pump AB, BiaMediTec Group and Techno Skruv i Värnamo AB	51	166	8	27
Special Products	Flintec Brasil Ltda, Key Valve Technologies Ltd., Filtertechnik AB, Lekang AS, Filtertechnik A/S, Strålprofil PK Invest AB and Stålprofil PK AB	70	364	8	66
<b>Effect on Group</b>		<b>176</b>	<b>667</b>	<b>16</b>	<b>94</b>
Acquisitions carried out in 2009		6	140	-2	22
Acquisitions carried out in 2010		170	527	18	72
<b>Effect on Group</b>		<b>176</b>	<b>667</b>	<b>16</b>	<b>94</b>

If the acquired units had been consolidated as from 1 January 2010, net sales for the year would have amounted to SEK 6,928 million and EBITA would have been SEK 750 million.

## Acquisitions after the end of the reporting period

Four acquisitions were carried out during the start of 2011.

In early January, the Engineering & Equipment business area acquired Dantherm Filtration Oy, with annual sales of approximately SEK 30 million. The company specialises in air filtration and provides customised solutions and components to customers in the forestry, paper, metal and recycling industries, among others.

Also in early January, the Special Products business area acquired the Swiss industrial group Abima, with annual sales of approximately SEK 400 million, and the companies Mijnsbergen B.V. and ATB Automation, active in Benelux, with combined sales of approximately SEK 60 million. Abima is active in control and regulation of flows, insulation against cold, heat and sound, rust/corrosion prevention and fire safety. The Benelux companies provide customised solutions with a broad array of products in power transmission and motion control.

In early February the Special Products business area grew further with the acquisition of Abelko Innovation AB, with annual sales of SEK 60 million. The company offers specially adapted solutions for energy measurement, remote control, building automation, energy optimisation and operational monitoring.

Preliminary acquisition calculations for acquisitions carried out in 2011 will be reported in Indutrade's 2010 Annual Report.



## PARENT COMPANY INCOME STATEMENT

## - CONDENSED

SEK million	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	4	1	4	1
<b>Gross profit</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>1</b>
Administrative expenses	-13	-7	-44	-34
Other income and expenses	1	0	0	-1
<b>Operating profit</b>	<b>-8</b>	<b>-6</b>	<b>-40</b>	<b>-34</b>
Financial income/expenses	-8	-6	-14	-28
Profit from participation in Group companies	267	180	628	378
<b>Profit after financial items</b>	<b>251</b>	<b>168</b>	<b>574</b>	<b>316</b>
Appropriations	-53	13	-53	13
Income Tax	-54	-51	-45	-40
<b>Net profit for the period</b>	<b>144</b>	<b>130</b>	<b>476</b>	<b>289</b>
Depreciation of property, plant and equipment	-1	-1	-1	-1

## PARENT COMPANY BALANCE SHEET

## - CONDENSED

SEK million	2010	2009
	31 Dec	31 Dec
Intangible assets	2	2
Property, plant and equipment	1	2
Financial assets	1,677	1,332
Current receivables	1,084	655
Cash and cash equivalent	5	41
<b>Total assets</b>	<b>2,769</b>	<b>2,032</b>
Equity	1,184	881
Untaxed reserves	54	1
Non-current liabilities	475	420
Non-current provisions	8	83
Current provisions	121	68
Current interest-bearing liabilities	866	525
Current noninterest-bearing liabilities	61	54
<b>Total equity and liabilities</b>	<b>2,769</b>	<b>2,032</b>

## DEFINITIONS

<b>Earnings per share</b>	Net profit for the period divided by the average number of shares outstanding.
<b>EBITA</b>	Operating profit before amortisation of intangible assets.
<b>EBITA margin</b>	EBITA as a percentage of net sales for the period.
<b>Equity ratio</b>	Shareholders' equity as a percentage of total assets.
<b>Gross margin</b>	Gross profit divided by net sales.
<b>Intangible assets</b>	Goodwill, agencies, trademarks, customer lists, licences and leaseholds.
<b>Interest-bearing net debt</b>	Interest-bearing liabilities, incl. Pension liability less cash and cash equivalents.
<b>Net capital expenditures</b>	Purchases less sales of intangible assets, and of property, plant and equipment, excluding those included in acquisitions and divestments of subsidiaries and operations.
<b>Net debt/equity ratio</b>	Interest-bearing net debt divided by shareholders' equity.
<b>Operating capital</b>	Interest-bearing net debt and shareholders' equity.
<b>Property, plant and equipment</b>	Buildings, land, machinery and equipment.
<b>Return on operating capital</b>	EBITA as a percentage of average operating capital per quarter.

## Indutrade in brief

Indutrade markets and sells components, systems and services with high-tech content to industrial customers in selected niches. The Group creates value for its customers by structuring the value chain and increasing the efficiency of its customers' use of technological components and systems. For the Group's suppliers, value is created through the offering of an efficient sales organisation with high technical expertise and solidity developed customer relations.

Indutrade's business is distinguished by the following factors, among others:

- High-tech products for recurring needs
- Growth through a structured and tried-and-tested acquisition strategy
- A decentralised organisation characterised by an entrepreneurial spirit.

The Group is structured into four business areas:

Engineering & Equipment, Flow Technology, Industrial Components and Special Products.

The Group's financial targets are (per year across a business cycle) to grow 10%, reach a minimum EBITA margin of 10% and return on operating capital of 25%.

Indutrade is listed on Nasdaq OMX Stockholm.